Industry PROFILE

An integrated approach to nurturing industry development and NWT wealth

TRAVEL & TOURISM

Tourism is the largest of all renewable based industries in the Northwest Territories. It is a significant export industry that brings new dollars into the economy and generates employment for many northerners. The NWT has a vast array of unique natural and cultural attractions, and draws people from around the world. Unfortunately, the travel and tourism industry is competitive and is not immune to global situations like the rise in terrorism, the war in Iraq and the advent of SARS. A great deal of work must be done to ensure visitor safety and satisfaction to and within the territory.

THE TRAVEL INDUSTRY TODAY

Tourism, as an economic activity, embraces elements from a number of different industries including transportation, accommodation, and food services among others. The national definition of tourism includes both business and leisure travellers, but the forces generating demand can be quite different for these two travel sectors. In the last ten years, the number of visitors from Japan has grown substantially, but visitation from other parts of Canada and the US has remained relatively constant. The NWT has not been immune to the impacts of events that have negatively affected travel globally, specifically the rise in terrorist activity, and the advent of SARS.

In 2002/2003, it is estimated that roughly 59,000 vacationers and business travellers spent $93-million on NWT goods and services. Tourism is the territory's third largest export behind mining and petroleum products. Contributing more to the economy than the combined sales of agriculture, forestry, fishing and trapping, tourism is also our largest renewable resource industry. Tourism provides an excellent market for local arts and crafts, utilizing many traditional skills and is compatible with the principles of sustainable development.

Twin Falls Park (W. Weber, GNWT)

GLOBAL TRENDS

The world has faced a number of unexpected events in the past couple of years, which have transformed the image of tourism and created a feeling of uncertainty among both travellers and hosts. September 11, SARS and the war in Iraq have impacted travel in all nations. According to the World Tourism Organization (WTO), the tourism industries in the Middle East, South Asia and North America were affected most severely. Despite the current conditions, the WTO reported a three per cent increase in world travel in 2002, and although the figure remains negative, travel to the Americas increased from -6.6% in 2001 to -4.4% in 2002[1].

On a global scale, the loss of customer confidence and an uneasy feeling towards travel have led to changes in consumer behaviour. Travellers are now taking shorter holidays, making last-minute travel decisions, and foregoing travel agents by booking transportation and accommodations online because of a heightened cost-consciousness. Tourists are also seeking more active and hands on experiences that are unique and memorable.

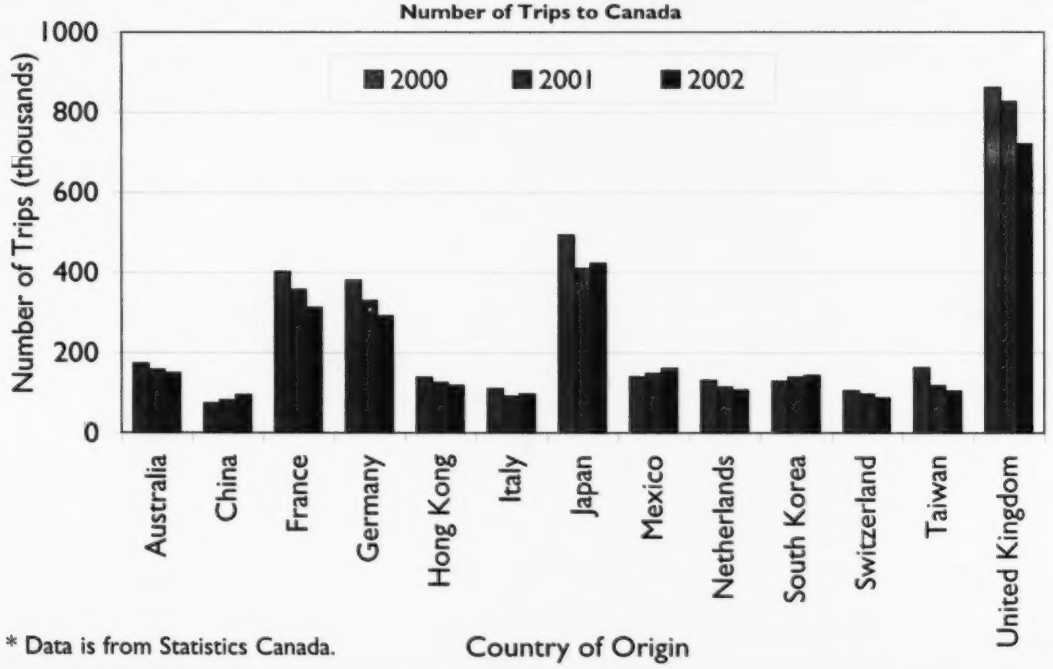
[1] *Retrieved April 29, 2004 from http://www.world-tourism.org*
[2] *Retrieved April 29, 2004 from www. canadatourism .com*

NATIONAL TRENDS

Not only have there been significant events affecting international travel, but Canadian tourism itself has been facing challenges never before encountered. West Nile Virus, BSE-infected cattle and the Avian Influenza have plagued our nation's tourism industry resulting in fewer international visitors and shorter stays in Canada. Similarly, circumstances surrounding the fate of our national airline carrier, fluctuating exchange rates and controversial issues like the seal hunt and logging have tarnished the image of Canada.

Tour operators and national tourism marketing agencies are examining and altering the way they conduct business and attract visitors. Strong marketing campaigns and promotional efforts are having a positive impact, and key industry players are shifting their organizational strategies to match the changing business environment. Some larger companies are struggling to make necessary modifications, while many smaller operators are adapting quickly with innovative and creative concepts to redefine and communicate travel opportunities in Canada.

The Canadian Tourism Commission estimates that total overnight travel to the country fell by 12.9%; however, international overnight trips are forecasted to increase annually by approximately 4.6% from 2004 to 2007[2].

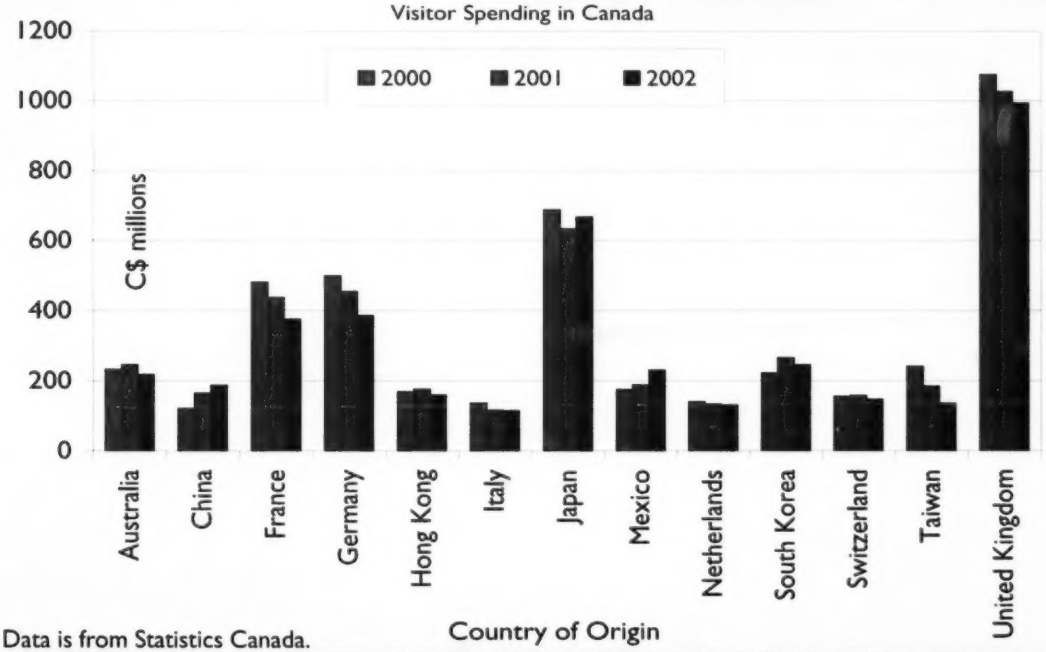


* Data is from Statistics Canada.

The number of trips and the expenditures by Americans increased steadily between 2000 and 2002[3] . The majority of visitors from the U.S. in 2002 were from New York, Michigan and Washington. Recent studies have shown that Canadians are continuing to travel, but are choosing to stay in Canada. Spending by domestic travellers increased 3.3% reaching $35.1 billion, making up almost 67% of total tourism expenditures in 2003. Correspondingly, this demand for tourism led to the generation of 573,000 jobs across the country in 2003[4].

Demographic trends are also becoming apparent. A large portion of the Canadian and American population is aging, and retiring with a sizeable disposable income. Because this group is retiring, they have more free time and are anxious to travel. The relative proportion of North Americans over 65 will increase significantly by 2025, while the proportion of people between 18 and 44 will decline. Although the proportion of younger people may be decreasing, the population is still very important because they make up the majority of adventure travellers, which is an emerging market segment. This demographic shift has positive implications for marketing and product development.

[3] Retrieved April 29, 2004 from www.statcan.ca
[4] Retrieved May 4, 2004 from www.canadatourism.com



* Data is from Statistics Canada.

TERRITORIAL TRENDS

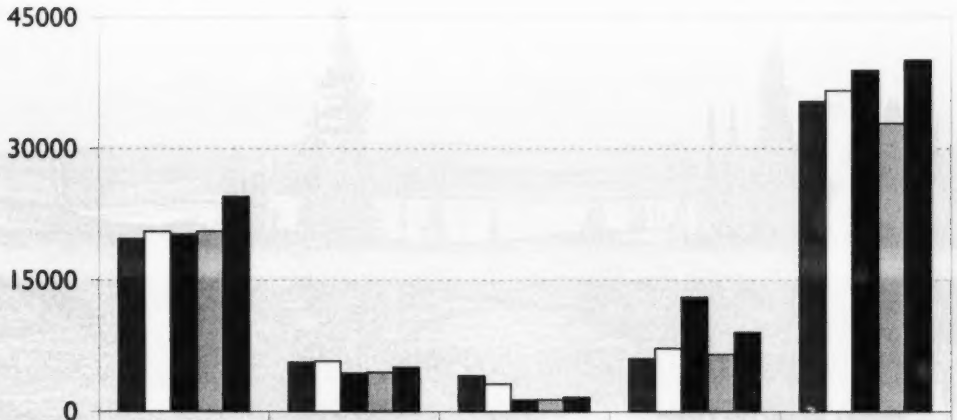
Tourism is by far the largest renewable resource based industry in the NWT. During the 2002/2003-tourism year, visitors (including business travellers) spent $93 million in the territory. Over half of the territory's leisure visitors came from other parts of Canada, primarily Alberta, British Columbia and Ontario. During1998/1999, the number of visitors from the United States and Japan were approximately equal at around 6,000. Since that time, the number of Americans visiting the territory has decreased slightly and the number of Japanese has increased significantly.

There were serious repercussions for Japanese visitation to the NWT as a result of SARS; it is estimated that the NWT lost 1,600 Japanese visitors due to fear of SARS, compounding the negative impacts of September 11. A concerted marketing effort is required to recover the Japanese market to levels seen prior to September 11.

The decline in travellers after September 11 (September 2001 to April 2002) resulted in an estimated decrease in visitor spending of $11.2 million over the same period during the previous year.

The NWT is an attractive location for big game hunters. Mostly American, these visitors account for three per cent of leisure visitors by volume, but contribute an astounding 37% of total spending generated by non-business tourism. Summer visitors spend the least on a per person basis compared to other leisure segments; they make up around 60% of total non-business visitation, but only account for 39% of the spending.

NWT Visitor Origins



	Canadian	U.S.	Other	Japanese	Total
1998/1999	19687	5586	4051	6000	35,323
1999/2000	20536	5718	3121	7200	36,575
2000/2001	20219	4357	1325	13000	38,901
2001/2002	20542	4449	1343	6500	32,834
2002/2003	24501	5005	1594	9000	40,100

* Data from NWT Visitor Stats - February 2004

MARKET TRENDS OF INTEREST TO THE NORTHWEST TERRITORIES

Travel motivations for tourists have been changing over the past few years. Below is a summary of leisure visitors to the Northwest Territories over the past six years:

Adventure Travellers - Adventure travel is characterized as outdoor leisure activity in unusual, exotic and/or wilderness locations, and is the fastest growing tourism market in the world today. This group can be divided into hard and soft adventurers. Hard adventure is physically challenging and usually attracts the younger demographic. Soft adventure, which attracts affluent retirees or older adults, is less physical and usually focuses on history, nature and wildlife viewing, culture and crafts.

Many of the activities of interest to adventure travellers can be developed within the NWT. We certainly have the basic ingredients to succeed and if appropriately developed, adventure travel could become a significant source of NWT tourism revenue.

Sport Fishermen - Internationally, sport fishing is not a growth market. However, it represents a substantial market for the NWT. There are an estimated 12 million anglers in North America, of which the territory needs only to attract a small percentage to make a major economic impact on our tourism industry.

Big Game Hunters - Similarly, enticing even a fraction of today's international big game hunting market to the territory could generate substantial revenues. Our species and population management make us world leaders in wildlife conservation. The number of hunters appears to be growing at a modest rate, while opportunities for big game safaris are diminishing worldwide. These two factors augur well for future demand.

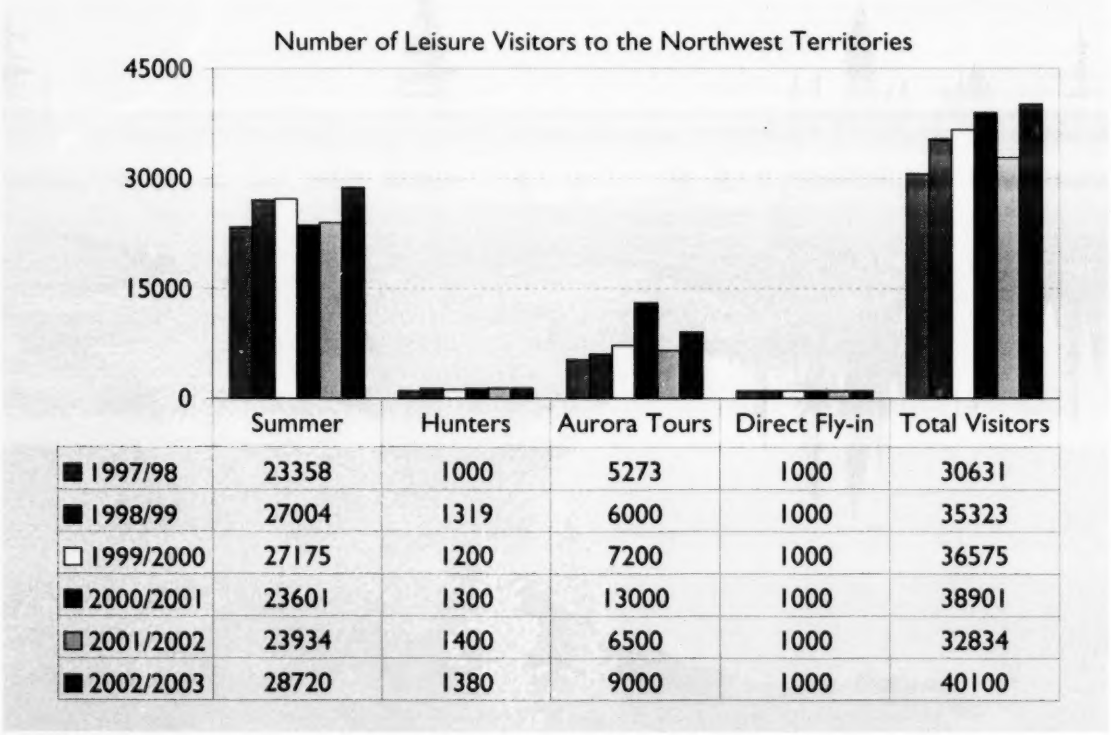
Also to our advantage is a virtual monopoly on some species of animals and that we are considered the "last frontier" by the North American hunting community. However, we are limited by quotas available for non-resident sport hunting, which sets an upper limit for the number of hunting outfitters who can successfully operate in the NWT. The removal of the US ban on imported game meat from Canada was good news for big game outfitters; however, there is some indication that some hunts were cancelled in the NWT because of these concerns.

Dempster Valley Corel

Auto Tourism - With roughly 13,000 trips annually, auto touring is currently the largest single source of territorial visitors. However, these tourists spend relatively little during their travels, compared with the other packaged-tour travellers. Even so, the RV travellers, a subset of auto touring market, are a strong potential segment for the Northwest Territories.

The NWT could capture a greater share of the North American rubber tire traffic, provided we aggressively market the territory as a destination, and develop and enhance the necessary infrastructure, attractions and services. Paved roads, upgraded Visitor Information Centres and campgrounds with services for RV travellers could substantially increase our attractiveness to the RV market. If our products are developed, there may also be opportunities to draw drivers into more remote regions of the NWT.

Aurora Tourism - A major tourism success story during the last decade in the Northwest Territories has been Aurora Tourism. Japanese visitors now comprise the largest portion of non-Canadian visitors to the territory. In the winter of 2003/2004, around 10,000 Japanese visited the NWT between October and the end of April, primarily attracted by the Aurora Borealis. Travelling during winter, normally the off-season for tourism in the rest of Canada, the Japanese make an important contribution to the NWT economy, spending over $16 million in 2003/2004. However, as mentioned earlier, Japanese tourism has proven vulnerable to events beyond the control of NWT tourism operators including September 11 and the SARS outbreak.



	Summer	Hunters	Aurora Tours	Direct Fly-in	Total Visitors
1997/98	23358	1000	5273	1000	30631
1998/99	27004	1319	6000	1000	35323
1999/2000	27175	1200	7200	1000	36575
2000/2001	23601	1300	13000	1000	38901
2001/2002	23934	1400	6500	1000	32834
2002/2003	28720	1380	9000	1000	40100

* Data from NWT Visitor Stats - February 2004

Emerging Markets - There are several emerging markets and tourism opportunities offering potential for expanding our tourism industry in the territory.

- **Diamond Tourism** - As the first jurisdiction in Canada to host operating diamond mines, the NWT offers the opportunity to provide guided tours so travellers can view diamonds being processed from the rough to polished state. Naturally, guests would also be able to purchase locally processed diamonds. Work is currently in progress to identify options for the development of diamond tourism.

- **Cultural Tourism** - Visitation based on the opportunity to experience cultural activities is a growing sector in the tourism industry. The potential for tourism products based on unique, diverse aboriginal cultural experiences is incredible and is of interest to many visitors. Similarly, the attractions of aboriginal and non-aboriginal cultural products reflecting the flavour of our local values and environment are highly sought after. However, work is required to develop cultural tourism product offerings and market readiness.

- **European Visitors** - There is strong interest among Europeans, especially German-speaking nations, in northern Canada. NWT marketing efforts in Germany are producing results, but currently the number of visitors from Europe is still relatively small compared to the number of Japanese and American travellers.

Paved Road North to Yellowknife (GNWT)

INGREDIENTS FOR SUCCESS

Tourism makes an important contribution to our economy; as an export industry, it brings in new dollars and our attractions can persuade residents to spend their vacation budgets here rather than elsewhere. However, we suffer from an identity crisis, which has grown worse since our division from Nunavut in 1999. As a tourism destination, the NWT does not have the same distinction as the Yukon, and many southerners still confuse Nunavut with the NWT. Our marketing budget is much smaller than all other Canadian jurisdictions except Nunavut, yet both government and public expectations for tourism are high.

Realizing our potential means:

1. Creating a distinct brand image for the NWT as a travel destination;
2. Focusing on niche markets and markets close to home;
3. Continuing product development;
4. Improving infrastructure;
5. Developing and maintaining innovative partnerships;
6. Increasing the use of the Internet as marketing tool and a point-of-sale method,
7. Expanding resources for current and accurate research, product development and marketing.

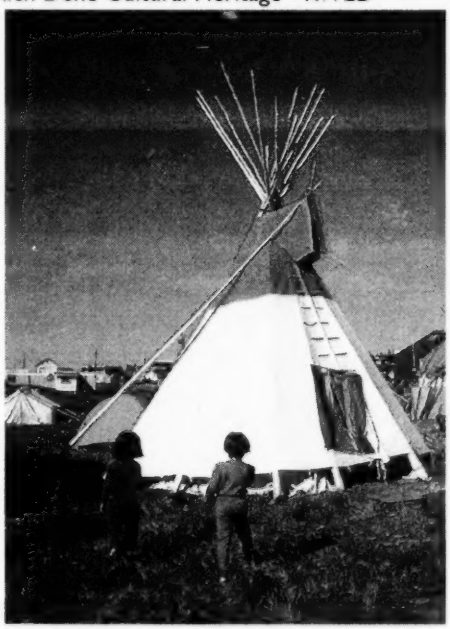
The overall goal is to develop and promote products that will maintain and increase the number of visitors to and their length of stay in the Northwest Territories. When determining the strength of the territory's tourism industry, we need to understand why people travel to our region, the activities they participate in and the sights they see when they are here, as well as their comments and concerns about traveling conditions. Finally, cataloguing our unique advantages and identifying appropriate financial and human resources required to develop and market tourism is an important step to achieve our objective.

RESOURCES

The Northwest Territories has a number of distinct features, which hold tremendous potential appeal to adventure travellers, auto tourists, sports hunters and anglers. These characteristics include:

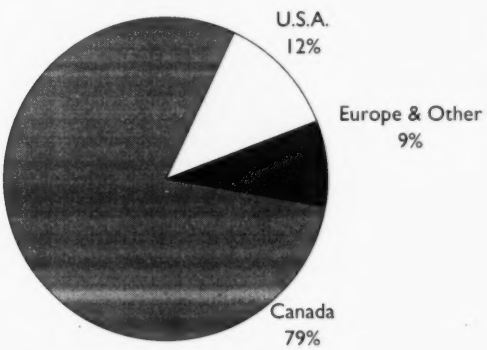
- A remote and exotic geographic location "on top of the world" with the Arctic Circle and access to the Arctic Ocean and the Northwest Passage;
- Aurora Borealis, summers with 24 hours of continuous daylight and dark winters;
- A strong and vibrant aboriginal culture with an emerging arts and crafts industry;
- Awesome "untouched" wilderness with unique and rare flora and fauna, ancient rocks, karst topography, hot springs, sinkholes, fossils and canyons;
- Abundant fresh water, scenic lakes and beautiful waterfalls;
- A colourful history encompassing ancient aboriginal sites, trading posts, whaling sites, the Franklin and Amundson expeditions, the Mad Trapper and the CANOL Road;
- Gold mines and a growing diamond extraction industry, and
- Relatively modern guest facilities, as well as adequate communications and transportation systems, at least in the major centres.

Rich Dene Cultural Heritage - RWED



A 2002 survey of the General Touring segment of visitors to the NWT showed that the top five activities travellers participate in (based on frequency) included camping, photography, sightseeing, museum visits and town tours by vehicle. Overall, average satisfaction ratings for most of the activities were quite high, however satisfaction levels pertaining to shopping and bird watching were relatively low.

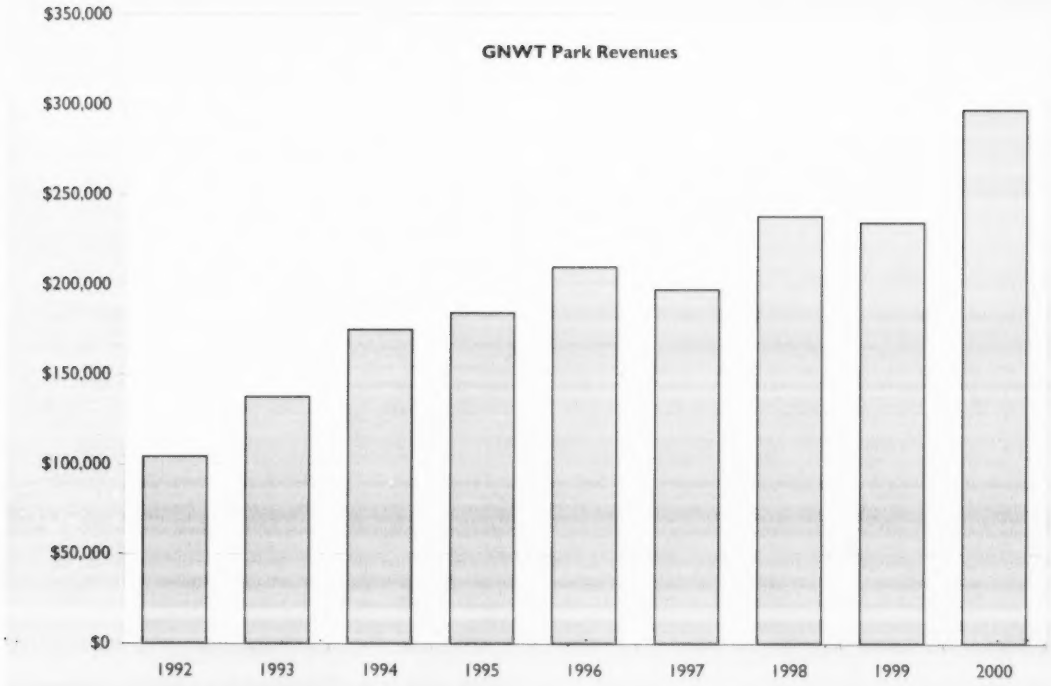
Where Did Our Camping Visitors Come From?



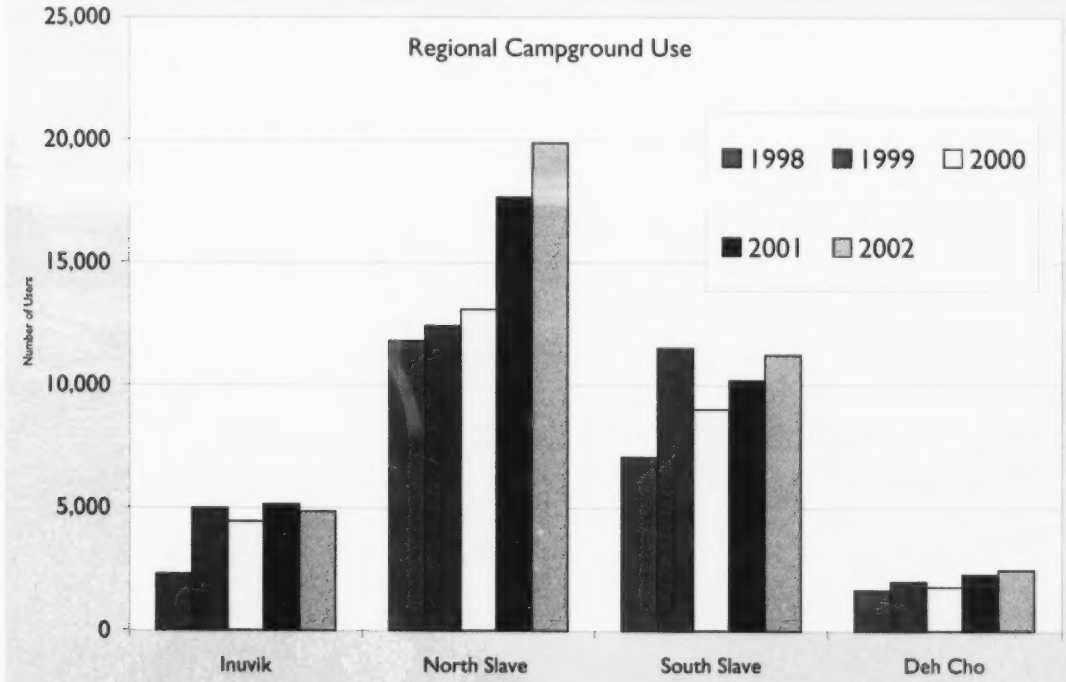
The NWT has a wide variety of National and Territorial Parks. Four National Parks have been established, and plans are under way to expand Tuktut Nogait and Nahanni National Parks. Sahyoue and Edacho along Great Bear Lake are in the process of coming under the jurisdiction of Parks Canada in the next few years.

Traveller numbers to the National Parks have varied greatly. In 2003, Nahanni saw 1018 guests, while there were only six visitors to Tuktut Nogait. Approximately 20 people each year come to explore Aulavik National Park. According to one Parks Canada officer, the amount of visitors to the parks is expected to increase in the near future.

Camping in the Canol region (GNWT)



* Data from Campground Revenue by Year



* Data from 2000 Campground Permit Statistical Report

There are over 20 territorial parks and 10 day-use areas across the territory, almost all of which are accessible by road. In 2000, approximately 28,278 people used campgrounds in the territory, which was a slight decrease from the number of people using the campgrounds in 1999. Tenting was the most popular style of camping in 2000, followed by camper trailers and camper trucks. The majority of camping permits were sold in June, July and August. The top five frequented campgrounds* were:

- Fred Henne Territorial Park (3295 users)
- Happy Valley Territorial Park (1010 users)
- Hay River Territorial Park (796 users)
- Ja'k Territorial Park (661 users)
- Lady Evelyn Falls Territorial Park (624 users)

There are numerous Visitor Information Centres (VICs) throughout the Northwest Territories offering brochures, hotel reservations, and impressive interpretive displays that present an insightful glimpse into local culture and history. VICs in the NWT received the highest ratings of all services and infrastructure on the 2002 Visitor Exit Survey.

VIC numbers across the territory were down in the summer of 2003. By the end of August, the Northern Frontier Visitor Centre in Yellowknife reported that the number of visitors was 11,503, down by 1,933 people compared to the same time last year (a 14% decrease). Anecdotal evidence from operators and tourism officers suggests that the decline experienced in Yellowknife was also experienced generally throughout the NWT.

HUMAN RESOURCES DEVELOPMENT

Recruiting and training employees in the tourism industry are becoming increasingly more difficult across Canada and in the Northwest Territories. According to a report completed in 2000, tourism operators in the territory are having a tough time competing for employees with the expanding resources extraction industries and all levels of government in the north, who are able to offer training, and substantial wages and benefit packages. Similarly, there continues to be a lack of funding available to support tourism training, and income support programs, internship funding and student financial assistance are not flexible enough to offer maximum support to employees wishing to train or work part-time in the industry. The lack of tourism awareness among middle and secondary school students, and the seasonality of many jobs is also a challenge, which makes attracting suitable NWT employees difficult.

Recruiting employees from southern Canada has become one way for some tourism operators to tackle the problem in the NWT, however it is expensive and often difficult for new employees to find housing. Also, there is no guarantee that the employee will remain with the hiring operator when they arrive in the north, so there is a large element of risk associated.

In 2003/2004, the Department of Resources, Wildlife and Economic Development partnered with the Department of Education, Culture and Employment to host a variety of tourism training courses. Approximately 145 participants enrolled in the programs, some of which included, "Ready to Work - Tourism Careers for Youth", "Northern Most Host" and "Japanese Service Expectations".

Deh Cho Visitor Center (RWED, GNWT)

INVESTMENT AND CAPITAL

Communities need to embrace and encourage private investment. While people in some communities may wish to develop all viable opportunities through community corporations or local people, this is often not feasible nor possible. Local and outside investors bring new resources and expertise to the local economy, and they may also have access to new markets. Communities that want to develop their tourism capabilities and create jobs will have to establish a welcoming investment climate. Without this investment, potential tourism jobs and opportunities could be lost to other areas.

With today's economic environment, it is necessary to attract private equity and capital. The role of government is changing within Canada and the NWT. Funding from government is often limited because of fiscal restraint combined with competing priorities for scarce resources. Future business and employment financing will require private sector participation and investment. In some cases this means forming new partnerships to attract investment, using bank loans, or attracting new business and equity. Capital is a fluid commodity and people and institutions will invest their money where it is safe and where they can get the best returns. Essentially, this means that communities and businesses will have to ensure investors that they represent a good investment.

Investors and lending institutions require investment security. For small communities, one of the impediments to private sector investment is the lease-only policy with respect to commercial and residential land. Investors demand security and many banks will not finance business ventures if there is any doubt regarding the confidence of tenure or sale of leases. This could mean no investment and lost business opportunities.

PRODUCT DEVELOPMENT

The first step in developing new tourism products is to identify potential markets and interested investors either in the community or outside. Once this is completed and an investor has expressed interest, the opportunities and threats surrounding the new product will be assessed. The process is complex and requires the recruitment and training of qualified employees, securing financing, and purchasing equipment, assets and insurance. Businesses must assess the best means of developing the attraction or service, and promoting it to potential markets. The process can be very long, and sometimes takes years; during every step of the way, the business also requires support and assistance from locals and the community.

Tourism product development in the Northwest Territories is an area that needs improving. With increased marketing funds in 2001/2002, the Government identified some funds for product development. This fund is aimed at supporting the development of new and expanded tourism products such as (packages, activities, services, etc.) so that the Northwest Territories will be seen as a more attractive and competitive tourism destination. In order to assist in developing products that the Northwest Territories can potentially offer or to enhance existing products, a product development gap analysis is currently underway.

A challenging aspect of product development in the Northwest Territories is establishing a reasonable and competitive pricing system. The prices of our tourism products must be competitive with similar products sold in other parts of the world. This is often difficult in the NWT for three reasons:

- It is expensive for tourists to travel and tour;
- Distance from major centres/markets, and
- Comparatively short summer season.

It is critical to deliver what is promised and to accurately describe existing services, facilities and products. Expectations play an important role in determining a visitor's satisfaction. If tourists expect to see caribou on a field trip and don't, they may feel "cheated". They would be unlikely to return and will likely give a bad report to friends and neighbours.

INFRASTRUCTURE

Modern infrastructure is essential to the development of tourism. In addition to safe roads, trails and airports, tourists require access to financial and communications services. Some aspects of infrastructure can actually attract tourists or encourage them to stay longer. For example, we have very few campgrounds with electricity and water hook-ups for recreation vehicles. If we wish to attract more RV tourists, we need to upgrade the facilities, possibly recuperating the costs through user fees. Similarly, there is an increasing demand among tourists for Internet access during their travels; providing public access to computers connected to the Internet can improve a person's stay in the territory.

The maintenance of existing infrastructure is equally as important as developing new facilities. Regular road and airport upgrading is important, and ensuring accurate and current information are provided on signage, static displays and exhibits is essential.

These enhancements will benefit tourists, locals and the local economy. Below are more concerns and requests from visitors:

- Improve the condition of roads and highways;
- Create circle driving routes;
- Work to reduce the cost of airfares;
- Continue maintenance in campgrounds and Visitor Information Centres to preserve high levels of visitor satisfaction;
- Upgrade services in our campground to improve RV accommodation;
- Upgrade VICs to provide better service to the traveling public;
- Create RV dedicated facilities to accommodate the impending increase in road travel with the completion of the Mackenzie Highway;
- Increase the number of campgrounds and RV parks with electricity and water hook-ups, and
- Investment in facilities and marketing displays outside the NWT to attract and inform tourists at major airports and other highway systems.

Kayaking in Fort Smith (RWED, GNWT)

MARKETING

The Northwest Territories has a wealth of natural and cultural attractions. These features require appropriate packaging and marketing before they can produce income and jobs. Successful marketing involves adequate resources and a flow of information. Operators and marketing organizations need to know what products and services are well received. Communities, government and businesses must work together to promote tourism products.

It is often prohibitively expensive for communities/ operators to afford to market products alone. Effective promotion is costly and usually requires a minimum level of spending, and it must be continued over a number of years. Many of the tourism businesses in the Territory remain small and have only a limited budget that can be allocated to marketing. The NWT can share portions of the costs associated with marketing, research and monitoring with the Canadian Tourism Commission, other provinces and non-traditional partners such as large corporations.

NWT Arctic Tourism, an industry association funded by government, has the primary responsibility for pan-territorial marketing. At the same time, the government continues to play a role in tourism marketing, providing assistance with marketing and product development. Resources, Wildlife and Economic Development continue to provide regional marketing endeavours.

At this time, NWT Arctic Tourism is embarking on a new marketing campaign focusing on niche markets and developing a distinct brand image for the NWT as a travel destination. Another element of the campaign is to focus on major urban centres in provinces that supply significant numbers of visitors to the Territory: Alberta, British Columbia and Ontario.

Marketing and travel to promote the Northwest Territories in Canada and other parts of the world, like everything else, has been at the mercy of rising costs. Without increases in budgets it will be difficult to maintain the pace with competitors for tourism business. Without Federal economic assistance for tourism marketing and products, reductions to tourism budgeting could be catastrophic to an industry that is the third largest income generator to the NWT.

The mix of marketing activities is extensive and while we have often lacked information in the past, today we have a better understanding of the market. Current tourism researching efforts, including the Visitor Exit Survey and the Campground Permit Report, have allowed us to get a better understanding of our clients and their needs. This information is necessary to monitor the successes of marketing efforts and evaluate the economic impact of tourism; the research must be closely tied to the needs of industry to be of value. For example, we know that the Inuvik region and the

Lady Evelyn water falls - one of the many in the NWT (Dan Westman RWED)

South Slave region attract different types of travellers, although there are strong overlaps. Studies have shown that the proportion of non-Canadian visitors is very high in the Inuvik region primarily because of the attraction of the Dempster Highway, for non-North American travelers on the Alaska Highway, and Alberta and BC residents dominate visitation to the South Slave region. Research has allowed us to understand this concept, and enabled marketing and promotional efforts to be designed and conducted appropriately ensuring money and resources are utilized to their fullest potential. These efforts benefit both the public and private sectors.

Mackenzie River Ramparts (GNWT)

Information is essential to the success of any business venture, however it is fundamentally important to tourism businesses because the industry is fragmented and vulnerable to outside factors. Attractions, food and beverage, accommodations and transportation among others, are some of the sectors within tourism. Gathering information about all of these segments allows us to determine the following:

- Who and how many people are presently visiting our regions;
- How and when visitors decide to travel to a destination;
- What activities visitors like to participate in;
- What improvements are necessary to enhance visitors' experiences,
- Where the largest potential markets are located.

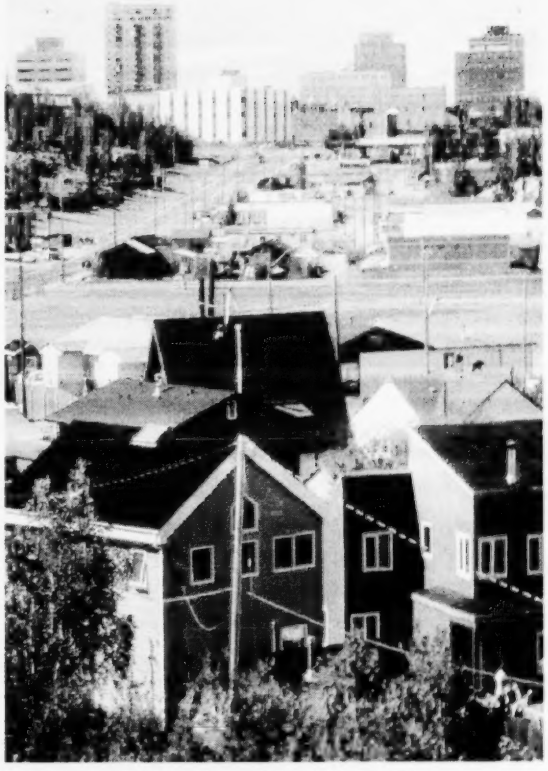
Answers to these questions are not free. They require a commitment to data gathering, analysis and research. The NWT needs to look at:

- Conducting a Visitor Exit Survey in 2006
- Collecting statistics at all ferries and visitor information centres
- Continuing partnership research initiatives with larger provinces like Ontario and Alberta
- Improving data about air passenger visitors
- Designing, creating and distributing interactive promotional compact discs.
- Cataloguing and distributing statistics and research information to industry associations and businesses
- Developing a method to track visitors to www.explorenwt.com and determining the conversion rate associated with the website.

Promotional and marketing options vary widely in their cost, reach and conversion rate which is (the rate at which each campaign motivates a person to visit.) Below are some examples of marketing initiatives for the Territory.

- Media advertising - magazines, newspapers and/or on TV programs, that are read or watched by audiences likely to be interested in the product being promoted
- Media relations - arranging for journalists to experience and write articles about tourism products, or sending press releases to appropriate media
- Direct mail-outs - purchasing address lists of potential clients (e.g. readers of canoeing magazines) and sending tourism product information directly to their homes
- Digital marketing - developing and maintaining an informative website, establishing a way for tourism products to be sold directly to travellers online, and creating small compact discs with interactive promotional information
- Consumer Shows - attending product-specific consumer shows (e.g. sportsmen or RV shows) that attract people who are likely to be potential customers
- Travel Trade Shows - attending travel trade shows to promote tourism products to travel agents, wholesalers, airlines and other industry players
- Familiarization Tours - hosting local tours for travel agents and tour wholesalers, allowing operators to present and communicate directly with key industry representatives

The cost and effectiveness of each of these marketing activities depends on the product, the market, the objectives and the financial resources available. The identification of the necessary resources to undertake competitive marketing is a priority challenge for the NWT as the tourism industry grows.



YK Old and New Town (Dan Westman)

REGULATIONS AND TAXATION

Both industry and government identified the need to revise the Travel and Tourism Act to reflect the realities of the industry. The current regime is confusing for operators, who must comply, in some cases, under the Wildlife Act and the Travel and Tourism Act. As well, tourism officers were required to inspect operators for compliance with requirements falling under the jurisdiction of other departments, such as Municipal and Community Affairs. Priority should be given to completion and approval of revisions to the Travel and Tourism Act. The department has consulted the industry about its intention to streamline and delete much of the duplication in the present act. The Parks Act has been revised and the government is presently completing the regulations to support the act.

The NWT does not have the equivalent of a provincial sales tax, which is an attractive advantage not currently promoted to visitors. On the business side, the GNWT has raised its corporate income tax rate, a move that may place additional burdens on tourism operators.

Racing on Back Bay (RWED)

CONCLUSION

Tourism in the NWT has a great deal of unrealized potential. Wilderness, unique cultures, fish, wildlife, and unspoiled forests and tundra all contribute to our attraction. Tourism is also largely a sustainable resource, one that can enhance and preserve the NWT's cultural and environmental integrity. In many ways, it is consistent with aboriginal lifestyles. The midnight sun in summer and Aurora Borealis in winter add to the allure. Furthermore, this potential can be realized in communities of any size and by a wide range of businesses including large hotels, airlines, and self-employed outfitters and guides.

Recent trends, however, have not been encouraging; in the summer of 2003, visitors travelling by road declined by 11% and air travel declined by 23%. Although general economic conditions elsewhere and uncertainty generated by terrorist activity may be the cause, it underscores the need to continually develop products, properly package them for the consumer, and market them effectively. However, in the face of territorial government fiscal restraint, obtaining additional marketing dollars is a difficult task. A more strategic approach to marketing will be required, targeting markets with high potential for growth, whether based on proximity or interest segment. To ensure maximum benefits and continued positive word-of-mouth advertising, industry training remains essential. Development of occupational standards, career awareness in schools, and specific workplace training will all contribute to a better-trained workforce, which in turn can provide better service and products to tourists.

Private sector investment is crucial to ensure a growing capacity to accommodate tourists. While the private sector is in the best position to develop community-specific products and put together the necessary financing, in small communities government assistance is required to fill in the gaps where commercial lending fails. The GNWT has limited resources, and it is time for the federal government to step in to help. The GNWT can also help by ensuring the licensing process is as simple as possible, while ensuring tourists can have confidence in the products and services they are purchasing.

The government continues to have an important role in the provision of public infrastructure in support of tourism. Good roads and airports are the most basic requirement, and a system of parks and visitors' centres provides a means to attract, accommodate, inform, and lengthen the stay and increase expenditures of tourists. The current system of parks and visitors services is highly rated, but some roads continue to receive criticism.

Marketing remains a key factor for success. Tourism is a very competitive global business, but we do have some advantage in that we tend to benefit from nearby provincial markets and the United States. Europe is also a growing market for wilderness tourism. Attracting tourists will continue to require regular marketing by industry, ensuring a consistent message, delivered on a